



Committed to the future of rural communities.

United States Department of Agriculture
Rural Development

TO: Participating GRH Lenders

FROM: Iowa's USDA, Rural Development Single Family Guaranteed Rural Housing Program (GRH) – May 2006

**** PLEASE DISTRIBUTE TO ALL WHO UTILIZE THE GRH PROGRAM ****

NEW NEWS

The **updated Income Limits** were effective April 26, 2006. Visit <http://eligibility.sc.egov.usda.gov/eligibility/welcomeAction.do>.

PLEASE NOTE: There are no attachments to this email. Sorry for any confusion with prior emails.

June is **Home Ownership Month**.

We are eager to assist with any Home Ownership promotions or ideas. Let us know!

PROCESSING

🌸 [Form RD 1980-86, Request for Reservation](#), **new version 12-05**

🌸 All forms may be found online at <http://www.rurdev.usda.gov/regs/formstoc.html>

🌸 There is **AN ABUNDANCE OF MONEY AVAILABLE!!!**

Iowa staff remains committed to providing *excellent* service with a **24 hour turnaround** of complete application packages.

NEW ADMINISTRATIVE NOTICES (ANs)

ANs for the last 12 months may be found at http://www.rurdev.usda.gov/regs/an_list.html.

[AN 4162](#) - **Approved Lender Underwriting Guidelines**

The purpose of this AN is to reiterate Agency methodology for evaluating "payment shock." The outcome of this AN is to provide underwriting guidance to Single Family Housing Guaranteed Loan Program (SFHGLP) lenders. It is the Agency's expectation that lenders will act responsibly when originating and underwriting loans under RD Instruction 1980-D.

This AN replaces RD AN No. 4051 (1980-D) dated February 28, 2005.

[AN 4163](#) - **Debt Ratios Waivers**

The purpose of this AN is to elaborate upon the use of debt ratio waivers when approving loan guarantees under the SFHGLP & RD Instruction 1980-D, Section 1980.345. This AN provides information on potential compensating factors, including credit scores, to be used by the Agency when evaluating a lender's request for a debt ratio waiver.

This AN replaces AN No. 4053 (1980-D) dated February 28, 2005

[AN 4165](#) - **Loss Mitigation Comprehensive Policy Clarification** *servicing*

Rural Development encourages lenders to exercise loss mitigation techniques to the fullest extent possible when servicing defaulted loans under the SFHGLP. This AN clarifies the policies concerning loss mitigation actions. The attached Loss Mitigation Guide describes loss mitigation options, identifies circumstances for their use, and discusses situations in which each option may be appropriate. Lenders that service Section 502 Guaranteed Loans should use this guide to give guidance to borrowers when considering loss mitigation

alternatives. Agency staff that give guidance to lenders should refer to this guide when considering the appropriateness of a lender's loss mitigation options.

This is an improved version of the AN 4025, which expired on November 30, 2005. It emphasizes the importance of servicers' usage of our loss mitigation alternatives with guaranteed loan borrowers and introduces additional guidance for special forbearance.

AN 4168 - Acceptable Foreclosure Time Frames *servicing*

The purpose of this AN is to clarify and standardize the acceptable foreclosure time frame by State for SFHGLP.

This AN replaces RD AN No. 4060 (1980-D) which expires on March 31, 2006.

AN 4169 - Acceptable Liquidation Fees and Costs *servicing*

The purpose of this AN is to reissue the guidelines regarding reimbursement of attorney & trustee fees incurred for liquidated single family housing loans guaranteed by SFHGLP.

This AN replaces AN 4061 (1980-D) dated March 17, 2005.

AN 4170 – Applicant Credit History Verification

The purpose of this AN is to elaborate upon what forms of credit history & current debt verifications are acceptable for loans guaranteed under the SFHGLP. The intended outcome of this AN is to establish that Rural Development will accept similar verification methodologies currently acceptable to the residential mortgage industry, secondary markets, and other Federal agencies.

This AN replaces AN No. 4068 dated April 1, 2005.

AN 4171 - Utilizing Credit Scores for Underwriting GRH Loans

This AN outlines two uses for FICO credit scores when underwriting GRH loans. The purpose of this AN is to make use of credit scoring technologies to improve the credit quality of GRH loans, & to streamline GRH credit history documentation requirements.

This AN replaces AN No. 4067 (1980-D) dated April 1, 2005. This AN differs from the previous one by addressing the introduction of a new credit score that combines information from the three major credit reporting repositories.

AN 4174 - Treatment of Applicant Collection Accounts

This AN is intended to clarify RD Instruction 1980-D, section 1980.345(d) concerning collection accounts with outstanding balances. Specifically, this AN addresses whether it is required that the collection accounts with outstanding balances must be paid off prior to or at loan closing under the SFHGLP. If the lender determines that there are mitigating circumstances under RD Instruction 1980-D, section 1980.345(d)(3), *the participating lender's underwriter* is responsible for deciding whether an applicant must pay off any collection accounts prior to or at settlement.

This AN replaces RD AN No. 4080 dated May 6, 2005.



UPCOMING EVENTS

June 2006 - **Home Ownership Month**

USEFUL INFO

Iowa GRH Handbook & Newsletters <http://www.rurdev.usda.gov/ia/rhsg.html>

Property & Income Eligibility <http://eligibility.sc.egov.usda.gov/eligibility/welcomeAction.do>

RD Properties for Sale <http://www.resales.usda.gov/>

USDA, Rural Development <http://www.rurdev.usda.gov/>

Iowa USDA, Rural Development <http://www.rurdev.usda.gov/ia/>

USDA, Rural Development offices will be **closed** on the following days:

Monday, May 29, 2006 – Memorial Day

Tuesday, July 4, 2006 – Independence Day

Iowa State Office Single Family Housing Staff

Bruce McGuire, Program Director - bruce.mcguire@ia.usda.gov

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Lender Assignments to **RD offices** are based upon the location of the customer's main office. Iowa RD offices may be found at http://www.rurdev.usda.gov/ia/la_locations.html (click on the address or type it into your browser).

To request changes to our email list such as removals or additions, please e-mail heather.honkomp@ia.usda.gov with your request. Be sure to include contact name, business name, location, phone number, and email address. We appreciate your assistance with the maintenance of our email list.

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USDA Rural Development is an equal opportunity lender, provider and employer.

Complaints of discrimination should be sent to: USDA, Director, OCR, Washington, D.C. 20250-9410